

Incentives

Continued from page 3

- Reducing under-use and over-use of health care services through evidence-based guidelines.
- Integrating resources without waste, duplication or confusion.

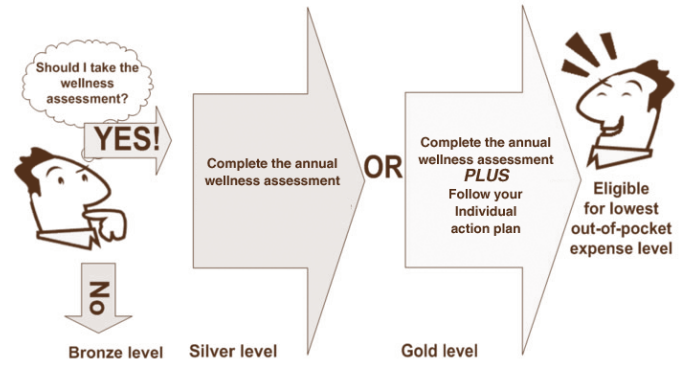
**Participation in Healthy Incentives™ results in lower out of pocket costs.** The degree of participation determines the expense level (bronze, silver or gold).

Employees and their spouses/domestic partners had the opportunity to complete a wellness assessment in January 2006. While participation was voluntary, employees and their adult partners who completed and followed an action plan became eligible for the lowest out-of-pocket expense level. Employees who did not participate and took no action qualified for the bronze level.

**Health coverage and benefits are the same across all three levels.**

The higher the participation in the Healthy IncentivesSM wellness program, the more likely employees and their spouses/domestic partners are to change to healthier behaviors, and these behaviors will in turn prevent lower risk problems from becoming catastrophic. **Right now approximately 10 percent of people with chronic and catastrophic conditions account for 70 percent of claims dollars.** Managing chronic diseases is less expensive than treating a major illness. For example, a medication and supply treatment regiment for diabetes can cost \$13,000 per year vs. \$66,000 per year for dialysis.

How Healthy Incentives™ Works



In January 2006 90 percent of employees and their spouses/domestic partners chose to enroll in Healthy IncentivesSM by taking the wellness assessment, exceeding expectations by 30 percentage points. They are also enrolling in disease management programs in record numbers. To support employees in their efforts to make health choices, King County launched Eat Smart and Move More education campaigns, brought Weight Watchers @ Work meetings to worksites throughout the county, negotiated discounts at over 100 area gym facilities and created the Healthy Workplace Funding Initiative (HWFI) that gives employees a voice in how to make their workplace supportive of their health goals. The HWFI provides each work group with funds equal to \$25 per employee to spend in ways employees decide will make their workplace most supportive of their health goals. HWFI has funded yoga classes, exercise equipment, and subscriptions to health publications. Healthy Incentives™ is designed to keep employees' health information secure, private, and confidential. King County will receive only information on out-of-pocket eligibility.

King County's Health Reform model can be implemented anywhere.

For more information on the Puget Sound Health Alliance:

- Rachel Quinn, Health Policy Liaison (rachel.quinn@metrokc.gov or 206-296-4165)
- Margaret Stanley, Executive Director (mstanley@pugetsoundhealthalliance.org)
- Web site: www.pugetsoundhealthalliance.org
- King County Health Advisory Task Force Report: www.metrokc.gov/exec/hatf

For more information on King County's Healthy Incentives™ Program:

- Caroline Whalen, Deputy County Administrative Officer (caroline.whelen@metrokc.gov, or 206-296-3820)
- Web site: www.metrokc.gov/employees/

Alternate  
Formats Available

206-296-4002  
TTY Relay: 711



King County

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KING COUNTY AND HEALTH REFORM:  
A REGIONAL STRATEGY FOR BETTER  
HEALTH AND AFFORDABLE COSTS

Using the Market to  
Cut Costs, not Benefits

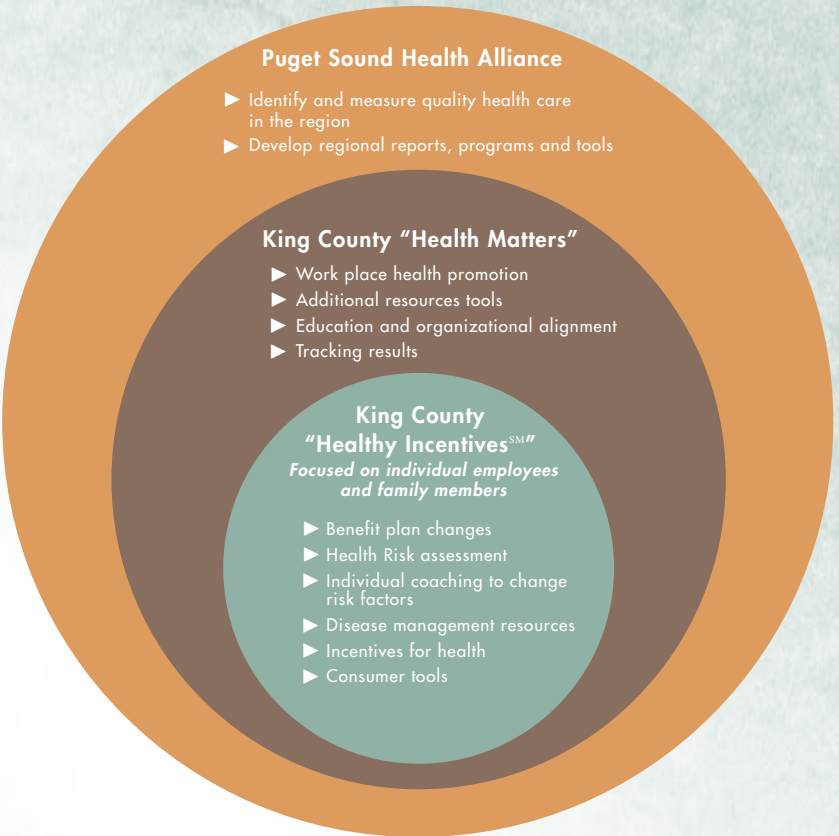
Employers nationwide have seen health care costs skyrocket at double-digit rates. Nationally, health spending accounts for 15 percent of the nation's economy and is anticipated to approach 18 percent of the gross domestic product in 2012. **For King County government annual health care costs are projected to double to \$300 million by 2012.**

Many employers have responded by reducing benefits and shifting costs to workers. King County Executive Ron Sims recognized that these conventional strategies do not address the underlying cause: **market forces are absent from our health care delivery system.** A 2004 RAND study found that the Seattle area health care system *failed to provide the recommended standard of care or improve health 41 percent of the time.* That's because incentives are missing for providing high quality health care (**supply side**), and for employees to become better health care consumers (**demand side**).

King County strategy is to use market forces to reduce waste, curb costs, and improve health outcomes.

Creating Integration  
in an Open Market

The **King County Health Reform Initiative** is a bold, two-pronged strategy to address market failures on the supply and demand side of the health care delivery system, making King County a national leader in health care reform.



King County's Health Reform Initiative

The goals are simple:

- Decrease the 41% of inappropriate waste (overuse, underuse, and misuse of care) in the system.
- Get employees healthier.

King County's Health Reform Initiative creates a **voluntary** integrated system in an open market. This requires change on the supply side through the **Puget Sound Health Alliance**, a regional quality collaborative; and change on the demand side through **Healthy IncentivesSM**, a program to encourage workers to take ownership of their health.



King County





**Puget Sound Health Alliance:  
A Regional Strategy for Better Care,  
Healthier People, and Affordable Costs**

In 2003 King County Executive Ron Sims convened the *King County Health Advisory Task Force*, a dynamic group of providers, economists, business, labor, and government leaders to develop innovative strategies to slow escalating costs and improve the quality of health care in the Puget Sound region.

The Task Force identified the main causes of rising employee health care costs:

- A 2004 RAND study found that the Seattle area health care system failed to provide the recommended standards of care or improve health 41 percent of the time.
- Medical care varies by region. Improving quality and reducing the costs of care requires a regional solution.
- No “feedback loop” between patients and health care professionals about available cost & quality choices.

The *Health Advisory Task Force* recommended building the **Puget Sound Health Alliance** — a regional partnership & independent 501(c)3 non-profit, non-partisan organization involving employers, health care professionals, hospitals, patients, health plans, and others working together to improve quality and efficiency while reducing the rate of health care cost increases across five counties in Washington state.

Today the **Puget Sound Health Alliance** is a rapidly growing nonprofit organization comprised of more than 100 participating organizations, representing nearly 1 million employees and dependents. Organizations include King County, Starbucks Coffee Company, State of Washington, Washington Mutual, Boeing, REI, Virginia Mason Medical Center, The Polyclinic, UW Medicine, Group Health Cooperative, Regence BlueShield, Premera Blue Cross, Aetna, UnitedHealth and many others. The Alliance has the leverage and clinical expertise to align health care financing and health care delivery into a

continuously improving health care system.

The purpose of the Alliance is to **measure, report, reward, and improve** health care in the Puget Sound region using.

- Public comparison reports on performance of health plans, medical groups, and providers
- Transparent data and uniform performance measures of quality
- Evidence-based clinical guidelines for providers
- Infrastructure to reward high-performing health care professionals
- Health information technology
- Patient education and self-management tools
- Accurate workforce data to design benefit programs that improve health outcomes and curb health care costs

During 2005 and the first part of 2006, thanks to the work of many local leaders and community members, the Alliance made substantive progress in several areas:

- Adopted evidence-based care guidelines for diabetes and for heart disease, plus identifying the ways that the Alliance will measure quality of care in those areas
- Adopted a strategy for securely compiling health care information across the region that will be used in the public reports comparing local health care practices
- Recommended that clinics and hospitals adopt policies to reduce or eliminate the influence of drug company sales and marketing aimed at doctors, in order to improve patient safety and quality of care
- Helped launch a program to award \$1 million to small clinics and hospitals for electronic medical records and other health information technology
- Expanded resources to improve health habits and manage your own health care, available for use by anyone in the community

During the second part of 2006, the Alliance’s efforts will focus on producing comparison reports to be unveiled in 2007. Initial comparison reports will focus on diabetes, heart disease, depression, low back pain, and prescription drug issues.

**Healthy Incentives: Improving Health Care, Reducing Costs through Health Education and Benefit Innovation**

At the core of King County’s **Health Reform Initiative demand side strategy** is an innovative benefit design program for employees and their families called *Healthy Incentives*<sup>SM</sup>. The *Healthy Incentives*<sup>SM</sup> program gives incentives for employees and their spouses/domestic partners to take **ownership** of their health. *Healthy Incentives*<sup>SM</sup> provides support for all types of conditions across the health continuum: for making or maintaining positive healthy behaviors, practicing preventive care, managing chronic conditions, or providing care coordination for major illnesses.

The goals of *Healthy Incentives*<sup>SM</sup> are to:

- Improve the health of employees and their families.
- Encourage employees to make healthy life changes.
- Reduce the rate of growth of medical plan costs by 1/3 – this reduction is targeted to save \$40 million between 2007-2009.

Wellness, disease management and member/patient education are key elements of the *Healthy Incentives*<sup>SM</sup> strategy. Specific outcomes include:

- Enabling members/patients to take ownership of their health through: education; wellness assessments; individual action plans; coaching and other action support tools; reinforcement of member’s/patient’s connection to their health care providers; and workplace support focusing on eating smart and moving more.
- Improving health and productivity.
- Changing health care visits from acute and episodic to proactive and planned.

**INCENTIVES — Continued on back page**



*Partnership with labor created the Healthy Incentives<sup>SM</sup> program. Over 85% of King County employees are represented. Executive Sims signs the MOA, creating King County’s Healthy Incentives Benefit program, in the presence of (from left) Dustin Frederick (Business Manager, Local 519 SEIU); Whitney Hupf (Staff Representative, Local 17, IFPTE); Randy Weaver (Vice-President, King County Corrections Guild); Bill Dennis (Staff Representative, WSCCCE Council 2); and Betty Sorbo (Business Representative, Teamsters Local 117).*

